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**City & Town** is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials.

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## City & Town Reader Survey Results Published

As part of a continuous effort to deliver to *City & Town* readers the information that is most helpful and valuable to them, the *City & Town* Editorial Board recently conducted a seven-question survey emailed to *City & Town's* approximately 8,400 subscribers.

I want to thank the 544 readers who took the time to respond and to report back on the survey results. Diving into this most recent survey, 69 percent of respondents said they read *City & Town* "consistently" while 28 percent read it "occasionally." Not surprisingly, those responding were almost 90 percent local officials, which certainly is our target audience.

First, 95 percent of those responding receive *City & Town* via their email subscription while 3.5 percent go to the DLS website to read it.

When asked to assess the relevancy of *City & Town* content to their day-to-day work functions, 37 percent replied "very often" while 57 percent responded "occasionally." Over time, and with the information gleaned from this and future surveys, we hope to increase the percentage that replied "very often" and reduce the percentage that replied

"occasionally."

Asked what subject area or process readers would like to see highlighted in future editions - a question to which more than one answer was solicited - 68 percent said notifications (IGRs, trainings, conferences, etc.); 61 percent said best practices; 46 said legal analysis; 31 percent said Gateway; 30 percent said tax-rate setting; and 29 percent said forms. The question also generated 30 individual responses which you may read on the website.

Asked if they found the new *AskDLS* feature helpful, 88 percent said yes. However, in the 58 individual responses it was evident that many readers have not yet taken advantage of the opportunity to pose questions to DLS and have them answered in *City & Town*. Let me reiterate that *AskDLS* wants to hear your questions and to answer them. If you have a question on your mind, chances are there are dozens of other municipal officials who have the same question. This feature is your opportunity to take advantage of the knowledge base within the Division of Local Services, so email us at [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us).

Finally, asked for suggestions, comments or other ways in which *City & Town* could be improved, 66 readers responded, many of them expressing appreciation for the information *City & Town* delivers. A few commented that searching for past articles in *City & Town* is very difficult. We agree, and are working on a searchable system that will focus on key words in previous articles.

Again, thanks for your participation. As always, we will report back on any changes to *City & Town* made as a result of this survey. By way of background, the first *City & Town* survey was done two years ago and resulted in what we think are substantial improvements to the readability and presentation of our e-newsletter. To view the complete results of the reader survey, please [click here](#).

Robert G. Nunes  
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**Certification Tab Update**

## **James Paquette - Bureau of Local Assessment**

The newly created Certification Tab on [Gateway](#) has been a work in progress. If you are not familiar with this section, it serves the dual purpose of being a point to upload the Revaluation Workplan and enter the LA10, Assessment Adjustment List, while providing information as to the status of the community related to the certification process. This type of tracking allows a community to see where they stand in the overall certification process by providing the dates of completion of many of the critical steps in the certification review.

The ability to bring this communication to the certification communities has been enabled through the advent of Gateway and has been in place, in a beta format, for a few months. This tab functions based on collecting data from several areas of Gateway and the process of bringing all of these together in the midst of a certification cycle has required us to move ahead cautiously and has not happened without bumps in the road. Recently the LA10 section has been activated and is being utilized with success. Additionally, the date connections with our various other sections in Gateway have been improved, providing the desired status information.

At this point, we are up and running and through the input of the FY 14 certification communities we are hoping to have this new link perfected over the remaining course of the certification cycle. Stay tuned for further updates.

## **New Free Cash Calculation Sheet**

### **Bureau of Accounts**

As part of its FY13 Strategic Plan, the Bureau of Accounts designed and implemented for FY14 a Free Cash Calculation Sheet in the online Gateway system intended to make the process of determining free cash more transparent.

As of Tuesday, Nov. 1, 190 communities have had their free cash certified in the amount of \$646.3 million.

The calculation sheet lays out in black and white the numbers used to determine a community's free cash, shows

consistency and removes any mystery that might have existed previously in explaining precisely how a free cash number was determined.

BOA Director of Accounts Gerard Perry said the new electronic disclosure of the calculation sheet "is a continuing effort to be more transparent with the free cash process while also attempting to improve consistency regarding the annual balance sheet approval process."

Who is able to look at the calculation sheet?

Anyone who is interested, be they a local official or citizen. The calculation sheets are obtained by going to the [Gateway homepage](#) by selecting "City and Town Free Cash," and then specifying the community.

To the extent that DLS has received feedback on the Free Cash Calculation Sheet, the comment has been positive, according to Bureau of Accounts field representative and *City & Town* Editorial Board member Amy Handfield.

## ***List of Appraisal Contractors Sign Up Information***

### **Bureau of Local Assessment**

The Bureau of Local Assessment is in the process of updating the [List of Appraisal Contractors](#). The Bureau compiles this informational listing as a service to cities and towns. It includes the names of firms and individuals desiring to provide professional appraisal services related to property tax assessment in Massachusetts. It is published on the Department of Revenue's (DOR) Division of Local Services website in the Local Assessment section.

Appearance on the list does not constitute an endorsement of the vendor by the Department of Revenue. DOR makes no determination regarding the qualifications of those listed. Rather, it is meant to serve only as a source of information regarding contractors available to perform appraisal and revaluation services. Omission from the list does not preclude a community from contracting with a vendor.

Any contractor wishing to be included on this list should

complete [the information form](#) that can be found on the web site in the Local Assessment section and submit it to the Bureau by December 1st.

## **Ask DLS**

This month's *Ask DLS* features frequently asked questions about the sale or change in use of classified forest, farm or recreational land. We hope the answers will provide timely and helpful information. Please let us know if you have other areas of interest or send a question to [cityandtown@dor.state.ma.us](mailto:cityandtown@dor.state.ma.us). We would like to hear from you.

### **What rights in land classified under [Chapters 61, 61A](#) or [61B](#) does a municipality have when the landowner changes its use or decides to sell it for another use?**

The classified land statutes provide preferential property tax benefits to landowners who make a long-term commitment to using their land for qualifying forest, farm or recreational uses. In exchange for providing those benefits, a municipality has a right of first refusal (ROFR) or option to purchase the land in certain cases where a change of use is planned by the landowner or a new owner after a sale.

Specifically, a municipality has a ROFR when a landowner converts, or decides to sell, classified land for residential, commercial or industrial development or use during (1) any fiscal year the land is classified or (2) the fiscal year after the year the land was last classified. [G.L. c. 61, sec. 8](#); [G.L. c. 61A, sec. 14](#); [G.L. c. 61B, sec. 9](#).

*For example, John Jones owns 100 acres that are classified and assessed property taxes on the basis of their classified use for fiscal years 2001-2013. The municipality has a ROFR if he enters into a purchase and sales agreement to sell for, or he decides to change the use to, a residential, commercial or industrial use, at any time during those fiscal years (July 1, 2000 to June 30, 2013) and the following fiscal year July 1, 2013 to June 30, 2014).*

Under the ROFR, the land cannot be sold or converted unless the landowner gives the municipality advance notice of the sale or conversion and the municipality notifies the

landowner that it will not exercise option. The content and manner of notices must comply with specific requirements. Upon receipt of a notice that complies with the applicable requirements, the municipality has the option to buy the property or assign its option to the Commonwealth, another political subdivision or a non-profit conservation organization. If the landowner is selling the property, the municipality must match a bona fide offer the landowner received. If the landowner is converting the use, the municipality must pay fair market value, which is determined by an impartial appraisal. The option must be exercised within 120 days of (1) compliance with the notice requirements in the case of a sale or (2) agreement of the consideration in the case of a conversion.

The ROFR does not apply if the landowner (1) simply discontinues the classified use, i.e., leaves the land undeveloped, or (2) sells or converts the land for a residence for the owner; the owner's spouse, parent, grandparent, child, grandchild, brother or sister, or the surviving spouse of those relatives; or an employee working full-time in the use and care of the property for its classified use.

Whenever local officials receive any notice indicating the landowner's intent to sell or convert classified land, or believe a notice should be given, they should consult municipal counsel for guidance on the municipality's rights and the procedures it must follow.

**What tax benefits provided a landowner may be recaptured by a municipality when classified land under [Chapters 61](#), [61A](#) or [61B](#) is sold or its use changed?**

As a general rule, a landowner must pay one of two "penalty" taxes, a roll-back or conveyance tax, when classified land is sold or converted to another use. No penalty tax is assessed, however, when the classified land is being sold or converted to a residence for the owner; the owner's spouse, parent, grandparent, child, grandchild, brother or sister, or the surviving spouse of those relatives; or an employee working full-time in the use and care of the property for its classified use. See [Adams v. Assessors of Westport](#), 76 Mass. App. 180 (2010)(conveyance tax); [Ross v. Assessors of Ipswich](#), (ATB docket #F239496, November 21, 2000)(roll-back tax), both of which involved classified farm land and extended the

same exemption from the ROFR to the penalty taxes.

- A. Roll-back Tax - A roll-back tax is assessed when classified land is changed to a non-qualifying use. A non-qualifying use means (1) land retained as open space as mitigation of a development or (2) any other use or condition that does not qualify for classification as forest land under [Chapter 61](#), agricultural or horticultural land under [Chapter 61A](#) or recreational land under [Chapter 61B](#). The tax is assessed to the owner of the land when the change to the non-qualifying use occurs. [G.L. c. 61, sec. 7](#); [G.L. c. 61A, sec. 13](#); [G.L. c. 61B, sec. 14](#).

The roll-back tax provides for recapture of the property tax savings on the land for the immediately preceding five year period. If the non-qualifying change in use occurs in a fiscal year the land is classified, the five year period includes the current year and immediately preceding four years. If it occurs in a fiscal year the property is not classified, the recapture period is the immediately preceding five year period. If there were tax savings received under the program for any of the years in the five year recapture period, the savings and interest on those savings for each year are totaled and assessed as the roll-back tax. The amount saved for each year is simply the difference between the tax assessed on the classified land under the program and the tax that would have been assessed on the fair cash value of the land if not classified. The interest on the amount saved each year is calculated at the rate of 5% from the dates interest accrued on unpaid tax installments under the payment system the municipality used for that fiscal year until the date the roll-back tax is paid. *(Note that interest is not added as part of a roll-back assessed on land classified under [Chapter 61A](#) if the land was classified as of July 1, 2006 and been continuously owned since that date by the July 1, 2006 owner, or that owner's spouse, parent, grandparent, child, grandchild, brother, sister or surviving spouse of any of those deceased relatives. [G.L. c. 61A, sec. 13.](#))*

- A. Conveyance Tax - A conveyance tax is assessed as an alternative to a roll-back tax when classified land is sold or converted to a use or condition that does not qualify for classification under any of the three chapters within a certain time period, but only if

greater than the roll-back tax. [G.L. c. 61, sec. 6](#); [G.L. c. 61A, sec. 12](#); [G.L. c. 61B, sec. 7](#).

Specifically, a conveyance tax must be computed, compared to the roll-back tax and assessed if greater when (1) a landowner is selling or converting classified forest or farm land under [Chapters 61](#) or [61A](#) to a non-qualifying use within 10 years after the date the owner acquired the land or began the continuous use of the land for the classified use, whichever is earlier; or (2) a landowner is selling classified recreational land under [Chapter 61B](#) for a non-qualifying use within 10 years from the beginning of the fiscal year in which it was first classified. The seller is not assessed a conveyance tax if the buyer files an affidavit with the assessors that the classified use will be continued after the sale. If that new owner does not continue that use, or another use that would qualify for classification under any of the three chapters, for at least five years, the new owner is assessed the tax that would have been due when the property was sold. The conveyance tax does not apply to a number of deeds or transfers, including but not limited to, mortgage deeds; deeds that correct, modify, supplement or confirm a previously recorded deed; deeds between spouses or a parent and child with no consideration, foreclosures of mortgages and conveyances by the foreclosing parties; and property transferred as a result of death. (*Note that a conveyance tax also does not apply to a seller who owned forest land classified under [Chapter 61](#) in or before fiscal year 2008. [St. 2006, c. 394, sec. 51](#).*)

The conveyance tax is computed by multiplying the applicable conveyance tax rate to the sales price of the classified land in the case of a sale, or the fair market value as determined by the assessors in the case of a change to a non-qualifying use by the landowner. The conveyance tax rate is set on a descending basis over the initial 10 years of ownership or classification. Under [Chapters 61](#) and [61A](#), the rate is 10% in the first year of ownership, 9% in the second, 8% in the third, and down to 1% in the tenth. Under [Chapter 61B](#), the rate is 10% for the first five years of classification and 5% for the sixth through tenth year of classification.

*For example, Mary Smith acquired 50 acres in 2000 and had the land classified beginning in fiscal year 2002. In fiscal year 2014, she enters into a purchase and sales agreement with a developer to sell the land for residential development. No*

*conveyance tax applies because Mary has owned the classified land (or had the land classified under [Chapter 61B](#)) for over 10 years. However, if Mary had owned the land, or the land was classified under [Chapter 61B](#), for only 8 years, the conveyance tax would be assessed if it was greater than the roll-back tax.*

*The roll-back is assessed based on Mary's tax savings in fiscal years 2010-2014, during which there were savings in all 5 years. However, if Mary's land was last classified in fiscal year 2011, the roll-back would be based on tax savings in fiscal years 2009-2013, during which there were savings in 3 of the 5 years.*

**Does the development or installation of solar or wind farms or facilities on classified land impact the classification of land under [Chapters 61](#), [61A](#) or [61B](#)?**

As a general rule, development or installation of solar or wind farms or facilities on classified land will constitute a change in use and trigger a municipality's ROFR and penalty tax assessment.

- A. Forest Land ([Chapter 61](#)) - To be classified as forest land under [Chapter 61](#), the land has to be "actively devoted" to the growth of forest products. [G.L. c. 61, sec. 1, 2 and 3](#). The initial decision on classification is made by the state forester in the 10 year application process. Under the state forester's current regulations, the land must be used to grow forest products and may not include any land where structures are erected or that is accessory to the use of the structures. [304 CMR 8.03\(3\)](#). The land on which the solar or wind farm or facility is sited does not appear to qualify under those regulations. In that case, the assessors can initiate action by the state forester if they believe land is no longer being used for purposes compatible with the growth of forest products.
- B. Farm Land ([Chapter 61A](#)) - To be classified as farm land under [Chapter 61A](#), the land has to be "actively devoted" to agricultural or horticultural use. Actively devoted means the land must be used (1) primarily and directly for agricultural or horticultural production, or (2) in a manner necessary and related to that production, i.e., in a manner that directly supports or

contributes to the production, e.g., farm roads, irrigation ponds, land under farm buildings. [G.L. c. 61A, sec. 1, 2, and 3.](#)

Therefore, if the solar panels, wind turbines and related structures are integral to farm production, e.g., intended to supply power on-site in order to irrigate the fields, then the land would continue to be considered necessary and related land. However, if used for other power generation purposes, then it no longer qualifies for classification. The ineligible land would include land under the solar arrays, wind turbines and any surrounding land necessary for the operation of the solar or wind farm or facility (e.g., access roads) or impacted by its operation.

- A. Recreational Land (Chapter 61B) - To be classified as recreational land under [Chapter 61B](#), the land must be: (1) retained a substantially natural, wild or open condition, landscaped or pasture condition or forest condition under a forest management plan certified by the State Forester, in a manner that preserves wildlife or other natural resources and be open to the public or held as private, undeveloped land, or (2) be devoted to certain recreational uses in a manner that does not materially interfere with the environmental benefits derived from the land and be open to the public or members of a non-profit organization. [G.L. c. 61B, sec. 1.](#)

Land on which a solar or wind farm or facility is sited is not undeveloped land being retained in a natural or other permitted condition. It is being used to generate power, a commercial or industrial use and for operational and security reasons, will have limited access, i.e., will not be available for use by the public or a membership organization for one of the permitted recreational uses. Therefore, the land used for power generation purposes would no longer qualify for classification. As with classified farm land, the ineligible land would include land under the solar arrays, wind turbines and any surrounding land necessary for the operation of the solar or wind farm or facility (e.g., access roads) or impacted by its operation.

## **Comprehensive History of BOA Now**

## **Available Online**

**Bob Bliss - Strategic Planning Director and Worcester and Springfield Office Manager**

Modestly titled "A Sketch of the History of the Massachusetts Bureau of Accounts and Related Matters in the Growth and Development of Municipal Finance," Tony Rassias, deputy director of the Bureau of Accounts, has written a highly readable and thoroughly engaging account of the Bureau's 144-year history.

That long and colorful history makes BOA, given its initial establishment in 1869 as the Bureau of Labor Statistics, one of the earliest manifestations of the Department of Revenue.

Over the years, the bureau's adeptness at statistics made it a clear choice to enter the developing world of municipal finance in the early 1900's and then to its establishment in 1919 - under the administration of Gov. Calvin Coolidge - as the Division of Accounts in the Department of Corporations and Taxation, the predecessor to what we now know as the Department of Revenue.

As he recounts BOA's journey, Rassias finds a few main characters to help drive his narrative forward, including Theodore Waddell, who led the Division of Accounts for nearly 40 years, from 1919 to 1946.

Rassias makes it clear right off the bat that his affinity for the personalities his research uncovered "changed my entire outlook on the project." He spoke with Waddell's granddaughter and asked her how his colleagues had addressed her grandfather.

"Would it be Theodore? Mr. Waddell?" Rassias asked her.

"Oh no. They called him Theo," she replied, a response which personalized Waddell to Rassias.

Hearing that "changed my entire outlook on the project. I felt as if I were being asked by him and by other former Bureau employees long since passed to share what was their life's work," Rassias writes.

His chronological history is drawn from written reports, newspaper articles, reports of legislative committees and

special commissions, as well as interviews with current and retired BOA staff.

The Bureau of Statistics of Labor was formed to research and report on the conditions of labor, and, in particular, children working in factories. But as the century turned, the Bureau was charged with gathering and publishing in a uniform manner end-of-year fiscal statements for revenues, expenditures, public debt and provision for payment of current assets and liabilities.

From this point on, Rassias tells the story of an agency increasingly involved in municipal finance. For instance, in Chapter 598 of the Acts of 1910, the bureau became responsible for account audits and the installation of a uniform accounting system with uniform classification, while in Chapter 616 of the same year, the bureau was to certify short-term borrowings for towns.

Rassias notes that in the years around World War I, the need for uniformity - in municipal accounting, annual reporting of costs, in borrowing and finance, in the apportionments of state and county tax, and in the administration of the direct (property) tax - propelled the bureau's work.

The Division of Accounts came into clear vision as part of a state government reorganization plan adopted in 1919, and with the appointment of Waddell, who had previously worked as Chief of the Bureau's Municipal Division.

Along the way, Rassias notes that it was not until 1934 that the calendar year was established as the fiscal year for cities. In 1945, Chapter 29 authorized the Director of Accounts to conduct annual audits of cities and towns. In 1953, Chapter 654 reorganized the Tax Department's leadership into a three-member State Tax Commission, with the Division of Local Finances to include a Bureau of Accounts, a Bureau of Local Assessment, and a Bureau of Local Taxation. At roughly the same time, the Director Accounts was required to certify free cash; by the end of 1950s, the calculation was done via a balance sheet.

The municipal fiscal year was re-set again to run as it does now from July 1 to June 30, which required authorization of an 18-month fiscal year from January 1973 to June 1974 to go into effect.

In 1978, the Department of Corporations and Taxation was reorganized, with a Deputy Commissioner of Revenue in charge of leading the Bureau of Accounts, the Bureau of Local Assessment, and a Property Tax Bureau.

Rassias outlines new accounting measures including GASB (the Government Accounting Standards Board) and UMAS, which grew out of what was called the Greenbook statutory system of accounting or STAT. Rassias says that STAT was a single-entry accounting system that was developed, maintained and administered by the Bureau of Accounts "and has been called one of, if not the oldest, statewide uniform municipal accounting systems in the country." In fact, it is still in use in some of the smaller towns in Western Massachusetts.

As Rassias hits the homestretch of his account, he touches on Proposition 2 1/2, and the Bureau of Accounts extensive effort to install UMAS' new charts of accounts, but on a voluntary basis, the Single Audit Act, and the appointment of Control Boards for fiscally challenged communities.

He also recounts how the Bureau relinquished the job of auditing and at the same time opened regional offices in Springfield and Worcester in the mid-1980s. His section on Y2K is a trip down memory lane for those who recall the fear engendered by the "Millennium Bug."

There is much more to Rassias' account, and at each step of the way he explains changes in municipal finance and how the Bureau dealt with them.

As he moves the narrative forward, Rassias occasionally takes an interesting detour on subjects such as the history of home rule or efforts to re-name free cash.

Finally, Rassias rewards his readers with an epilogue offering more details on the characters he has introduced through his history.

This conclusion is a finishing touch to a tale well told.

[Click here to read "A Sketch of the History of the Massachusetts Bureau of Accounts and Related Matters in the Growth and Development of Municipal Finance" in its](#)

[entirety.](#)

## **NOVEMBER MUNICIPAL CALENDAR**

### **1 - Taxpayer - Semi-Annual Tax Bill - Deadline for First Payment**

According to M.G.L. Ch. 59, Sec. 57, this is the deadline for receipt of the first half semi-annual tax bills or the optional preliminary tax bills without interest, unless bills were mailed after October 1, in which case they are due 30 days after mailing.

### **1 - Taxpayer - Semi-Annual Tax Bills - Application Deadline for Property Tax Abatement**

According to M.G.L. Ch. 59, Sec. 59, applications for abatements are due on the same date as the first actual tax installment for the year.

### **1 - Taxpayer - Quarterly Tax Bills Deadline for Paying 2nd Quarterly Tax Bill Without Interest**

### **1 - Treasurer - Deadline for Payment of First Half of County Tax**

### **15 - DESE - Notify Communities/Districts of Any Prior Year School Spending Deficiencies**

By this date, or within 30 days of a complete End of Year Report (see September 30), DESE notifies communities/districts in writing of any additional school spending requirements.

### **30 - Selectmen/Mayor - Review Budgets Submitted by Department Heads**

This date will vary depending on dates of town meeting.

### **30 - Treasurer - Notification of monthly local aid distribution. Click [www.mass.gov/treasury/cash-management](http://www.mass.gov/treasury/cash-management) to view distribution breakdown.**

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